

RESPONSIBLE INVESTMENT POLICY



Banchile
INVERSIONES

BANCHILE ADMINISTRADORA GENERAL DE FONDOS S.A.



"We understand that companies and investors play an important part in the sustainable development of any society. This is why we are committed to continually strengthening our investment process by accelerating the inclusion of responsible investment variables in investment decision-making, for better risk management and more sustainable returns in the long term."

Eduardo Beffermann,
Investment Manager



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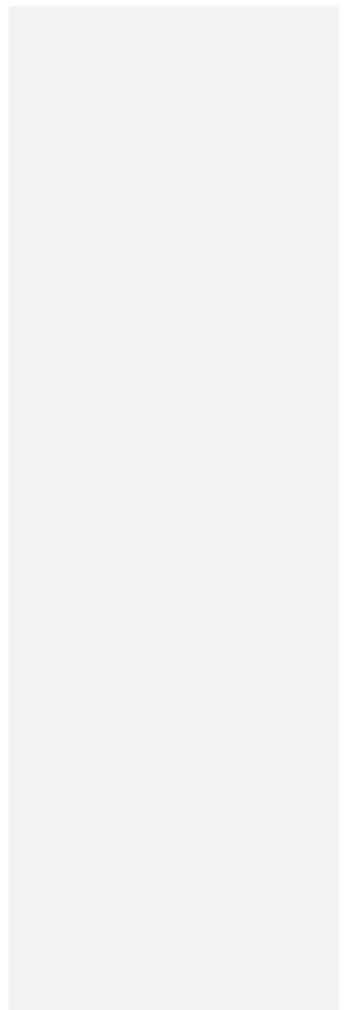
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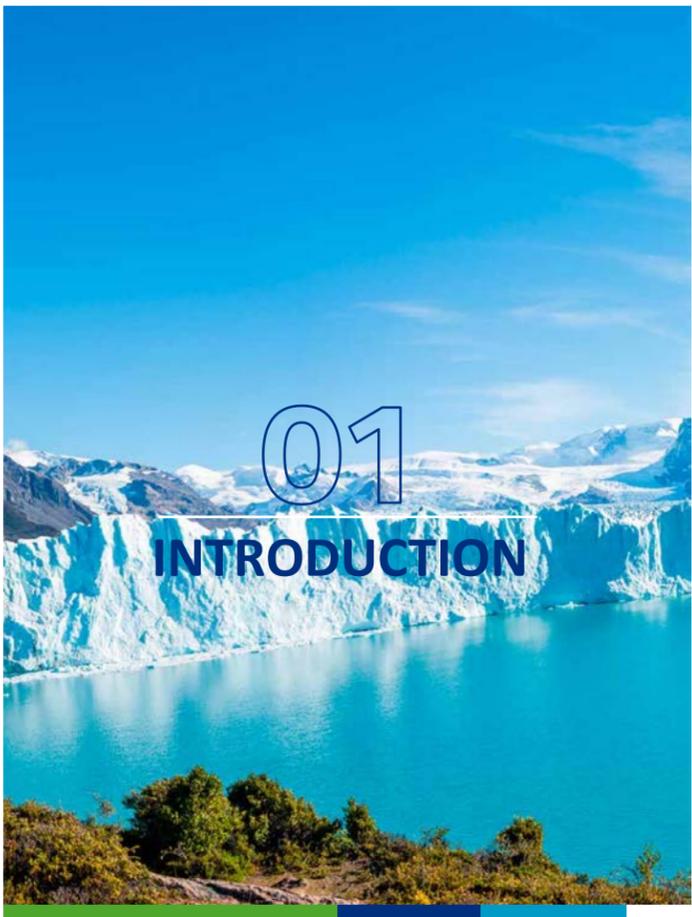
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Motivation



Banchile Administradora General de Fondos S.A. ("Banchile AGF") understands that companies and investors play an important part in the sustainable development of any society.



Banchile AGF's investment objective is to obtain an adequate return on risk, making sure that such risk is understood and controlled.



Context

Among other policies and procedures, Banchile AGF has a Fiduciary Policy that establishes general guidelines to adequately manage the risks involved in conducting fiduciary activities and to correctly resolve any conflicts of interest arising therefrom.

This document supplements Banchile AGF's policies and procedures.

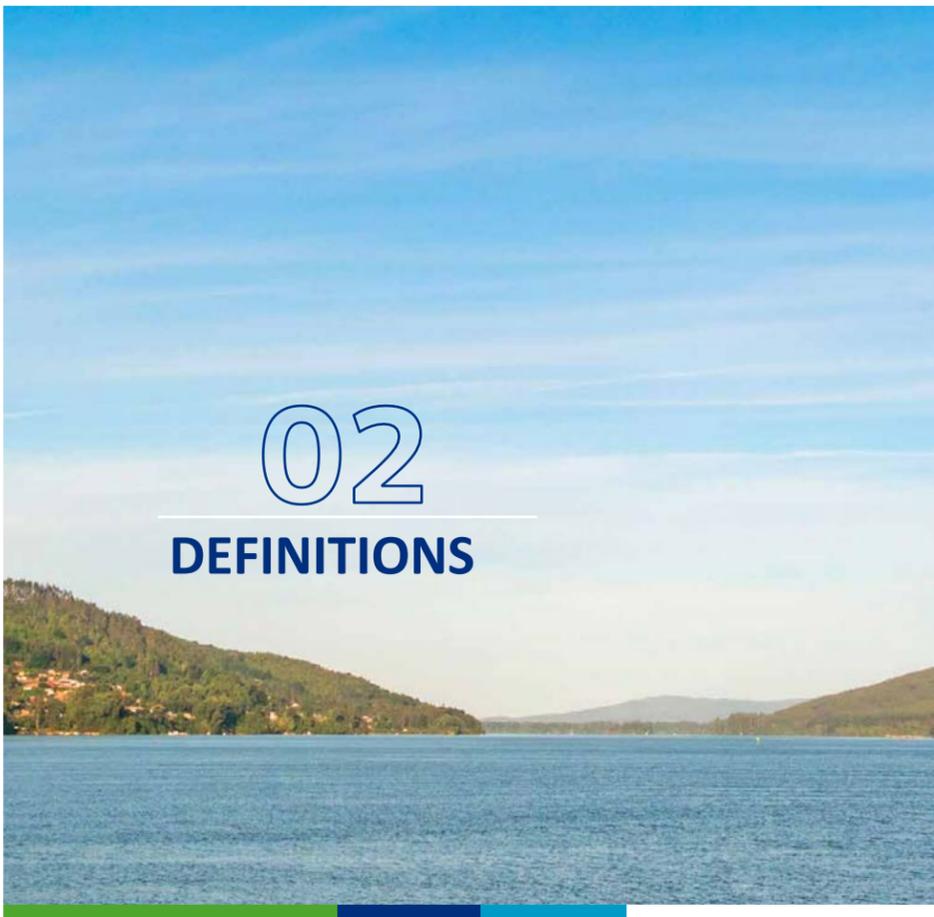
This Policy does not entail an exclusion criterion. In fact, Banchile AGF may invest in all asset classes that comply with the legislation in force.

Principles Influencing this Policy

Banchile AGF is a signatory to the Principles for Responsible Investment (PRI), an international investor initiative backed by the United Nations ("UN").

The Principles for Responsible Investment aim to understand the impact that environmental, social and corporate governance (ESG) factors have on investments, as well as to advise signatories to integrate these factors into their investment and ownership decisions.





Responsible Investing

Responsible investing is an approach that incorporates ESG factors into investment decisions to better manage risk and generate long-term sustainable returns.

Environmental, Social and Governance (ESG)

ESG factors account for the sustainability of a company or a country and, therefore, the risk and return of investing in them.

ESG factors consist of:

-  **Environmental factors:** related to the environment
-  **Social factors:** related to the rights, wellbeing and interests of individuals and communities.
-  **Governance factors:** related to the corporate governance of companies.

Inclusion of ESG Factors

ESG factors form part of Banchile AGF's investment process by systematically working them into the investment analysis and decision-making of the mutual and investment funds included in the Scope of this Policy.





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OBJECTIVE AND SCOPE

Objective



The purpose of this Responsible Investment Policy is to establish the general guidelines for the integration of ESG factors into Banchile AGF's investment process.

Scope



This Policy applies to mutual and investment funds managed by Banchile AGF related to: i) direct investment in corporate fixed income assets and equities, both in Chile and Latin America; ii) indirect investment abroad in third party funds; and iii) direct investment in infrastructure and real estate assets.





Inclusion of ESG Factors

ESG factors are an integral part of the investment process through their incorporation into the analysis of fundamentals, risks and relative valuation of financial assets.



Risk Profile

The risks contemplated in Banchile AGF's investment process include, among others, ESG-related risks.



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GOVERNANCE

Internal Governance

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ESG Advisory Board:

- Responsible for approving proposed amendments to the Responsible Investment Policy and evaluating its effectiveness.
- It has the authority to modify the scope of this Policy, incorporating or excluding certain financial assets.
- It is comprised of the individuals holding the following positions in Banchile AGF:

Chief Executive Officer ✓ Investment Manager ✓ Risk Manager ✓ General Counsel

Frequency: 📅 Semi-annual

ESG Investment Committee

- It is responsible for overseeing the execution and implementation of the Responsible Investment Policy.
- It is comprised of the individuals holding the following positions in Banchile AGF:

✓ Investment Manager ✓ Risk Manager ✓ Fixed-Income Manager
✓ Equity Manager ✓ Real Asset Manager ✓ Research Manager

Frequency: 📅 Semi-annual

Investment Teams:

- Responsible for applying the Investment Policy in each investment decision.
- They are comprised of the persons who hold the following positions in Banchile AGF:

✓ Fixed Income Investment Executives ✓ Equity Investment Executives
✓ Real Assets Desk Investment Executives ✓ Balanced Investment Desk Executives
✓ Portfolio Management Desk Investment Executives
✓ Research Area Investment Executives

Frequency: 📅 Continuous

Resources

Research Area:

Formed by a team of sector analysts focused on Chile and LatAm, which engages in direct interactions with companies to analyze their fundamentals and risks, including ESG factors. The team of analysts also uses information provided by an external ESG rating agency.

Distribution of Information:

The Investment Executives of the Fixed Income, Equities, Balanced, Portfolio Management and Real Assets desks can access the analysis and ratings of ESG factors prepared by the Research Area.





Financial Issued Companies Assets by

Integration

✔ Corporate fixed income for Chile and LatAm:

ESG factors are integrated into the quantitative analysis of fundamentals and risks.

✔ Chile and LatAm equities:

ESG factors are integrated into the analysis of fundamentals and risks, both qualitatively and quantitatively.

Methodology

General Factors:

Environment: i) Carbon and pollutant emissions; ii) Waste and hazardous materials management; iii) Energy and fuel management; iv) Water management; and v) Exposure to climate events.

Social: i) Community relations and social access; ii) Customer wellbeing; iii) Labor relations and practices; iv) Workforce wellbeing; and v) Exposure to social impact.

Governance: i) Strategy; ii) Financial transparency; iii) Governance structure; and iv) Corporate structure.

Specific factors:

Certain sectors and companies have higher ESG-related risks.

Controversies:

Environment: i) Pollution; ii) Waste and hazardous materials management; and iii) Water management.

Social: i) Competition; ii) Ethics; iii) Public health;

(iv) Tax fraud; (vi) Customer satisfaction; vii) Customer health and safety; viii) Privacy; ix) Access; x) Marketing; xi) Diversity and employment opportunities; xii) Workforce health and safety; and, xiv) Senior management termination.

Corporate Governance: i) Accounting; ii) Insider information; and iii) Shareholders' rights.

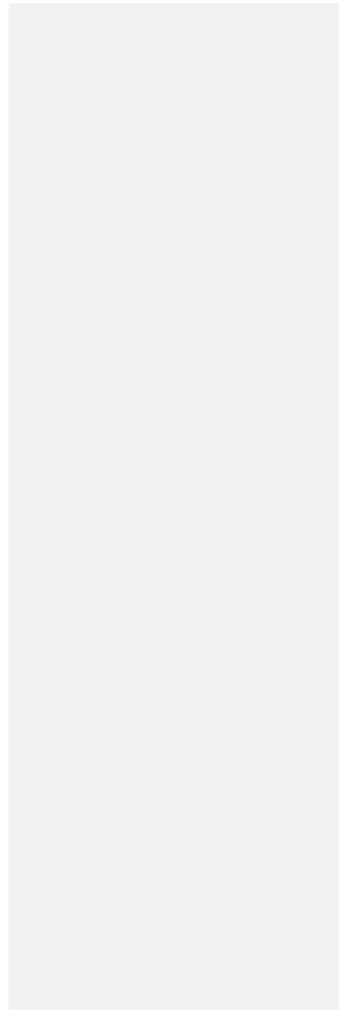
Rating

The ESG rating is constructed based on the weighting of general factors, specific factors and controversies.

An issuer's total rating is expressed as a percentage.

Comentado [e1]: Aquí saltan de iv a vi. Falta "v".

Comentado [e2]: Aquí saltan de xii a xiv. Falta "xiii".



Direct Investment in Infrastructure Assets

Integration

ESG factors are integrated into the qualitative and quantitative analysis of fundamentals and risks, both when evaluating investment opportunities and managing the fund's assets.

Methodology

Evaluation of the following investment opportunity elements:

- i) Sustainability Policies and Procedures.
- ii) Health and safety of employees, customers and the general public; iii) ESG factors in accordance with their materiality.

Asset Management

- i) Monitoring and follow-up of material ESG factor KPIs; ii) Management of ESG-related risks and opportunities.

Direct Investment in Real Estate Assets

Integration

ESG factors are integrated into the qualitative and quantitative analysis of fundamentals and risks, both when evaluating investment opportunities and managing the fund's assets.

Methodology

Evaluation of the following investment opportunity elements:

- i) ESG risks and their possible impact on the valuation; ii) Existing ESG measures and possible improvements.

Asset Management:

- i) Monitoring and follow-up of material ESG factor KPIs; ii) Management of ESG-related risks and opportunities.

Indirect Investment Abroad in Third-party Funds

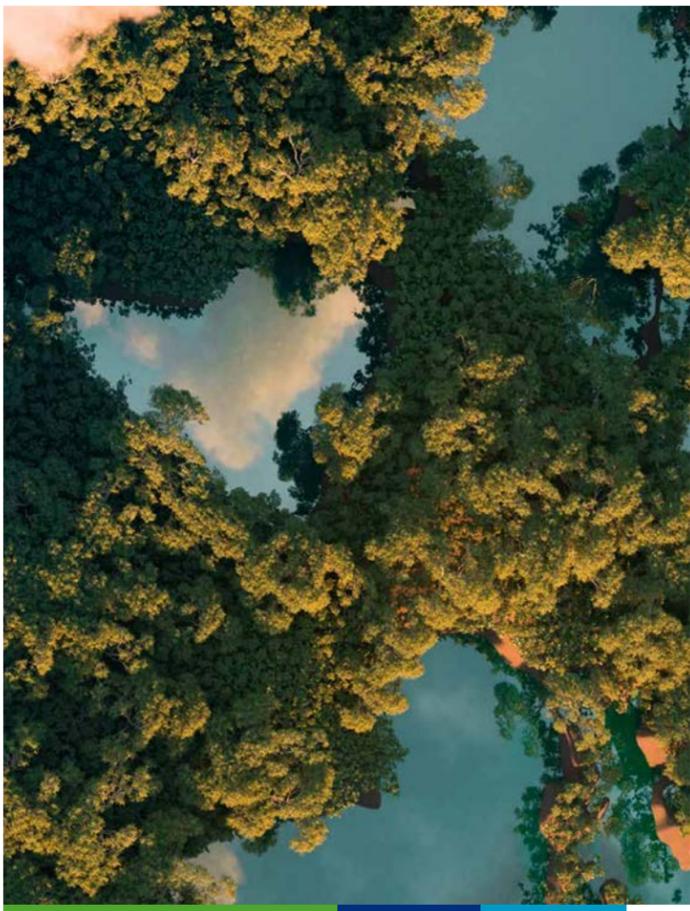
Integration

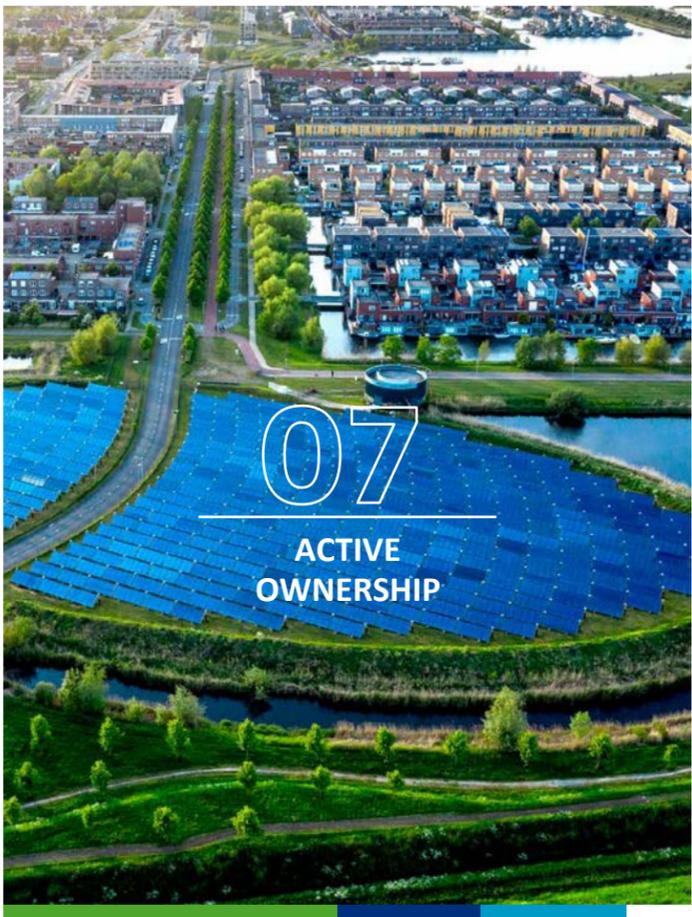
ESG factors are integrated into the fund and fund manager selection process.

Methodology

Evaluation of the following elements:

- i) Policies; ii) Status as signatory of a related initiative; iii) Internal control bodies; iv) Employee training; v) Integration of ESG factors in the investment analysis; vi) Integration of ESG factors in the investment decision; vii) Monitoring; viii) Reporting.





Voting

Banchile AGF ensures adequate attendance and participation in shareholder meetings, bondholder meetings and mutual fund unitholder meetings. Attendance is mandatory whenever required by law or regulations in force, leaving it to Banchile AGF's discretion where such obligation does not exist.

The vote is analyzed and decided by Banchile AGF's Investment Manager with the support of the Research Area. Depending on the relevance of the matter to be discussed, the approval of Banchile AGF's CEO is required.

Participation in and voting at shareholder meetings, bondholder meetings and mutual fund unitholder meetings shall be subject to Banchile AGF's Voting Policy.



Individual Commitment

Banchile AGF's investment processes include direct interaction with the management of corporate fixed income and equity issuers, in order to request any information needed to carry out the fundamentals and risk analyses.

Requests include ESG-related information and interaction with the company includes discussions on specific concerns regarding corporate governance, transparency and ESG management performance.

Collaborative Commitments

Banchile AGF participates in collaborative engagements in order to influence the adoption of ESG-related best practices. It also participates in the following collaborative instances:

- ✔ Sustainability Committee of the Chilean Association of Investment Fund Administrators (ACAFI), an ACAFI initiative.
- ✔ Public-Private Green Finance Working Group, an initiative of the Chilean Finance Ministry.





Banchile AGF, through its annual Public Transparency Report, reports its activities and progress with regard to responsible investment to the Principles for Responsible Investment (PRI) signatories association.





BANCHILE ADMINISTRADORA GENERAL DE FONDOS S.A.

2021

